

THE IRRESPONSIBLE FIVE
A NEW FAMILY COMPACT
BY WILLIAM H. MOORE :: ::

UNIVERSITY OF TORONTO



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INTRODUCTION.

If a government commission had issued a report upon boiler-making, newspaper printing, the manufacture of brick, or any one of the different processes that make up the industrial life of a civilised country, an analysis of that report would devolve, naturally, upon the men in the industry dealt with by the report. These things are technical; and only the men engaged in the specific industry reported upon, are in a position to analyse the report. The old adage that a shoemaker should stick to his last, contains, at least, this element of truth: that no one but the shoemaker knows much about a last.

In the same way, criticism of the Drayton-Acworth report devolves naturally upon men engaged in the railway business. The only qualification I urge for the work in hand is that I have spent twenty years in railway work; I have studied the general railway situation and the reports, of the Chairman and Commissioners Drayton and Acworth; whether I can find words to put before the

public my views of how far the Drayton-Acworth report fits, or misfits, the situation, I must leave to the reader.

Men may say I am prejudiced because I have been years in the service of one of the railways concerned. But it is not, who says a thing; it is what is said, that counts with a man who is not in the habit of accepting ready-made opinion. This is certain: the public interest can never be damaged by the presentation of the several sides of a question. I ask those reading this little book, to remember that it is intended only as "a guide" to the study of the Drayton-Acworth report. In other words, my answer to those who may accuse me of prejudice is: Read what Sir Henry Drayton and Mr. Acworth have written. I am confident that those who follow this advice will conclude:

"No levelled malice

Infects one comma in the course I hold."

There is general apathy in this question, as in most matters pertaining to government business. Most men shy at technical things that are not of their own technics. A canvass made of one hundred business men, taking them at random, showed

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that not one had read the Drayton-Acworth report. They, at least, are not entitled to accuse me of prejudice, nor is the reader until he reads that remarkable document called the "Report of the Royal Commission to Inquire into Railways and Transportation in Canada."

W. H. MOORE.

Fairport Farm, Dunbarton,
May 11th, 1917.

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I

THE FUNDAMENTAL FACTS.

The chairman of the commission appointed to advise as to the Canadian railway situation, Mr. A. H. Smith, President of the New York Central, says that the plan evolved by his colleagues, Sir Henry Drayton and Mr. Acworth, will "add about a billion dollars to the direct debt of Canada." I have only an average head for figures, but in my early school-days a billion dollars used to be a lot of money.

Every man in Canada should read the Drayton-Acworth report, for every man in Canada must share a part of the huge liability which it entails. He ought, in justice to himself, to follow the commissioners' reasoning, examine their figures, and make up his mind as to the sanity of their conclusion. He ought not to trust solely to newspaper comment; for, after all, newspapers are mainly concerned with conclusions, and in the daily grind have neither

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time nor space in which to present the reasons urged for those conclusions.

The document prepared by Sir Henry Drayton and Mr. Acworth is a formidable-looking instrument of ninety closely-packed pages. My first inclination was to take a running-jump at it, as I usually do with Government papers, land in the middle, and work my way backward or forward according to inclination. But thinking of my share in that billion dollar liability, I turned to the first page, and read the paper carefully to the end.

I had expected to find only precise information in a paper of this sort, so imagine my surprise on coming upon something in its second page that fairly smacked of guess-work. That Canada has too many lines of railway for its people, is the burden of the report; and in proof of this it is cited that Canada has "only 185 inhabitants to support each mile of railway." This figure was surprisingly small, and until I learned that the worthy commissioners had taken Canada's population from the 1911 returns, and Canada's railway mileage from the 1916 returns, I could not understand it. The commissioners excuse this method

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of calculation by saying "since 1911, the population has, it is understood, not much increased." The phrase "it is understood" is often used on the hustings, but it is the first time I have found it the dominant factor in a mathematical calculation.

The commissioners say that they arrive at their basic figure of 185 inhabitants to the mile of railway by dividing the "operating mileage" on June 30, 1916, into the population compiled under the 1911 census. Goodness knows that would have been bad enough. But examination will show that the divisor is not "operating total mileage," for it contains 3,150 miles "under construction, according to official reports and estimates;" and as this mileage cannot possibly be in operation before June 30, 1917, and much of it not then, the year 1917 becomes the date of mileage returns used by the commissioners. And even then it is exaggerated by a thousand miles or more. Thus there is a spread of the greater part of a decade between the date of the railway mileage and the date of the figure of population used, to show the number of people who "to-day" are supporting "each mile of railway."

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In 1912, 354,237 immigrants came into the country; in 1913, 402,432 immigrants came into the country; and in the fiscal years that have elapsed since the figures used by the commissioners were compiled in their attempt to determine the number of people supporting "to-day" each mile of railway, 1,410,268 immigrants have been added to the population of Canada. Further, Canada has a substantial excess in birth-rate over death-rate. Quebec, as everyone knows, is not addicted to race suicide, and the other provinces are not notorious laggards—compared with other countries—in this respect.

Have these immigrants and new-born children all disappeared? An exodus comparable in modern times with Poland, Belgium and Serbia! It must be so, if the commissioners are right in their figures. It is true we have sent three hundred and some thousand men to the front, but this does not account for the commissioners' conclusion. Are we to consider all our soldiers gone forever, no longer to be counted as a part of the population needing the country's means of commerce and transportation? Unhappily, some will not return; happily, many have already returned; and happily, according to

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the law of averages, most of them will some day be back in Canada.

In 1901 Canada had a mile of railway for every 300 inhabitants, in 1911 one mile for every 284 inhabitants, and to-day "only 185 inhabitants to support each mile of railway" according to the commissioners. It is a gloomy picture of reckless railway building drawn in that second page of the Drayton-Acworth report, and by way of bringing home the gloom, the commissioners add, "Population alone can supply traffic." If these figures and words mean anything, it is that we have more railway miles for our traffic now than in 1901. But the plain truth is that we haven't. This is at once evident by a reading of the ordinary government returns. In 1901, when we had 300 inhabitants to the mile, the railways earned only \$4,019 for each mile, and in 1916 when, according to the Drayton-Acworth method of calculation, we had only 35 more than half this "population to support each mile of railway," the railways earned \$6,943 for each mile. More than this, in 1901 the railways earned only \$1.36 per train mile, and in 1916 earned \$2.35 per train mile. These figures—proof that the com-

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missioners are in error—are not to be brushed aside by alleging unusual traffic in munition business last year; for, before the war, in 1913 the railways earned \$8,760 per mile, or twice as much as they did in 1901. “The growth of the mileage has far outstripped the growth of the population” mournfully chant the commissioners. Well, evidently, it has not outstripped the growth of traffic, and one would have thought that the main thing, and would have expected the commission to use these definite, ready-to-hand government figures, the true measuring gauges by which to determine the support for railways in this or any country.

It is sad to find the Drayton-Acworth report begins in error. But think not that there is only one error in its first pages. There are, in fact, more than a few. On the second page a comparison is made between the population per mile in Canada, and the population per mile in the United States, the United Kingdom, Russia, Australia and Argentina. Then the commissioners say, “And Canada has what none of these other countries have to a comparable degree, a magnificent internal system of natural waterways, which must always, so far

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as can now be foreseen, carry a very large proportion of the total traffic."

If this statement is intended to be anything more than the trite remark that Canada's navigation is mainly on fresh water; if it is intended to have a bearing on the traffic situation, it means that water competition bears more hardly upon the railways of Canada than upon the railways of the other countries mentioned.

Has Commissioner Acworth been so long away from England that he has forgotten when he left it was an island, with practically everyone of its important cities connected by water transportation? Water transportation may not be particularly safe along the coasts of England just now, but surely the commissioners did not have this in mind when they attempted their comparison.

Do the commissioners not know that Australia is also an island, and that there are no inland cities in it of more than ten thousand population, except six mining camps, and the most remote of these is about as far from the sea as is Pittsburg?

Argentina's principal cities are on the sea-coast, and it has besides many miles of inland waterways.

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The waterways of England, Australia, and Argentina, are open the year round. Have the commissioners forgotten that he who is solely dependent upon Canada's waterways, must close his business for four winter months, and sit idly by until spring freshets wash the ice away?

The United States is included in the comparison of countries which have not to a comparable degree our magnificent internal system of natural waterways. What can the commissioners mean? Surely, the United States has access to Great Lakes' navigation. It has not the same use of the St. Lawrence, but it has the Mississippi instead, and it has Lake Michigan on the Great Lakes, of which Canada has no part. Further, all coast cities in the United States: Portland, Boston, New York, Philadelphia, Baltimore, Norfolk, New Orleans, San Francisco, Seattle, and the rest of them, all have twelve months' water-competition with their railways. Last winter, New Yorkers calmly faced the threatened strike of railway employees. "We can be supplied with food by waterways," they said. And the commissioners would have us believe that the railways of the United States have less competition from waterways than our own.

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Let us not depart from this sentence in our search to determine the reliability of the information furnished in the Drayton-Acworth report, for we shall find in it still more error. The commissioners state that our waterways must always "carry a very large proportion of the total traffic." Of the total eastbound and westbound traffic of the Great Lakes in 1913, only 6,875,257 tons were of Canadian origin. This is taken from Sanford Evans' 1916 report on waterways to the Government. In the same year, the railways of Canada carried 106,992,710 tons. Does the commission call six a very large proportion of 113? In the same year—Sanford Evans still my authority—90 per cent. of the total tonnage eastbound, and 97 per cent. of the westbound tonnage of the Great Lakes originated in the United States, and still its water facilities—for the purpose of the Commissioners' argument—are supposed to be not comparable to our own.

These are not unimportant details of the report that I criticise. The commissioners themselves state that "these facts are fundamental, and must be steadily borne in mind in any consideration of the future of Canadian railways." The railway

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and navigation returns, and for that matter our own common sense, tell us they are not facts at all; and, if it is necessary that things which are not facts be borne in mind to understand the Drayton-Acworth "consideration of the future of Canadian railways," it stands to reason that only an earthquake, or some other fortuitous intervention, can save us from a false conclusion. As we proceed, we shall find the report filled with just such inaccuracies, or—what shall I name them. May I say at the outset it is hard to account for this remarkable report unless we remember that Mr. Acworth is an Englishman, who, with only a few months' residence in the country, does not know conditions, and that Sir Henry Drayton has been so busy with the affairs of the Railway Board, a big man's job, that to handle another big man's job in his spare hours has been apparently beyond his capacity. That is one explanation.

There is another. When statements are made that are not borne out by facts, one, two, three, four, all on the first two pages of the case, all arguing in the same direction, all described by the commissioners as "fundamental" to the conclusion, it would

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look as if the commissioners had set out to prove a bad case. An Irishman would say that is the only way a bad case can be proved.

II

IN THE EYES OF THE TWO COMMISSIONERS.

The middle of the report is taken up with a survey of the past, present and future of the three big railway companies, the Grand Trunk group, the Canadian Northern and the Canadian Pacific. It is impossible to go into all the details set forth by Commissioners Drayton and Acworth. There are pages of statistics, and pages of interesting history of railway development. But there are two or three features in the commissioners' treatment of the several railways which stand out in bold relief, and reference to them cannot be avoided. For the most part, these features are part and parcel of each division of the report, and woven into every phase of the business discussed. However, let the report speak for itself, and the reader conclude for himself.

The commissioners deal first with government aid, and on page 19 bring the figures of the "total public investment" in the railways together,

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including, curiously enough, bonds guaranteed with land and cash subsidies as if they were comparable either in the measure of assistance to the companies or cost to the State. According to the commissioners' figures of the total cash subsidies, the Canadian Pacific has had 66 per cent.; of the "proceeds of land sold" it has had 78 per cent. The percentage would be much greater if we were to take the value of lands granted. Of loans outstanding and bonds guaranteed, the Canadian Pacific has to-day none. It does not require much effort after reading the proportion of the total cash and land subsidies granted to the Canadian Pacific, to realise just why it has been able to pay off its loans, and does not now require to issue guaranteed bonds.

It is beyond my understanding why the commissioners should have put free gifts of land and subsidies with guaranteed bonds in a common table, and added their amounts together. Surely they do not call railway cash and land subsidies one and the same thing as railway debts—guaranteed though they be. Yet they try to add them together. Whoever it was that tried to add chalk to cheese, has been outdone. His exploit need no longer be

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handed down to generations of school-boys as an example of the folly of attempting the impossible. The unthinking layman has often made this mistake, and the politician too, but from experts reporting upon a situation which is technical, both impartiality and accuracy were expected. The result, of course, has been to place the Canadian Pacific in a much better light before the casual reader than it would have been otherwise when its assistance is set against that of the Grand Trunk, the Grand Trunk Pacific and the Canadian Northern.

This error on the part of the Commissioners is "fundamental." They seem to consider, as does the unthinking man, that two and two always make four. But let them once try to tell us what two pains and two pleasures make, what two houses and two horses make, and they may change their minds as to the mathematical accuracy of this old adage. Then with the lesson of this exercise in mind let them try again to add, as they have done in their report, two cash gifts and two guaranteed debts and with clear conscience they cannot say the result is the sum total of their face amounts.

But this is not all. On page 17, the govern-

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ment aid granted to the Canadian Pacific is set forth in a table, and under the table are these words "Total Public Assistance Direct and Indirect \$228,500,925." The word "total" means all the items added together, to learn this, cost me an hour's detention after school one spring day when the fishing was good. The words "direct and indirect" are added usually for good measure, sometimes to show that there is nothing concealed up the writer's sleeve; to induce the reader to believe that he has the truth, the whole truth and nothing but the truth. In what sense are the words used by the commissioners? In the text on the same page, and in a foot-note at the bottom of the page—the type so small that it escaped my first reading—is the further information that the company values its unsold lands at \$119,259,000; and not one dollar of this amount is in the table, not one dollar in the "Total Public Assistance, Direct and Indirect," which the commissioners say the Canadian Pacific has received. Surely public interest demanded that lands granted years ago to the tune of more than \$100 million, ought to have been put in the total reckoning. Difficulty in estimating their value, there was

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none. The commissioners, as we have seen, are not above a guess now and then, but they did not need to guess in this case, because the company's own books show the exact value to be \$119,259,000.

To have omitted the unsold lands of other companies is no excuse. They have but little anyway.

Thinking the matter over, what do the commissioners mean by "indirect" assistance to the Canadian Pacific Railway Company? This company has no bonds guaranteed, has no loans outstanding. It seems to me there is nothing "indirect" about the \$228,500,925, the total of the commissioners' table, since all of the items are either cash, railway, or land, nor is there anything "indirect" about the \$347,750,925, the amount which the total of the table would have been if the commissioners had put the unsold lands into the table at the company's own valuation.

In analysing the three company systems, that weather-beaten pioneer, the old Grand Trunk, is first considered by Commissioners Drayton and Acworth. Fourteen pages of the report are devoted to relating the details of its position, and those of its offspring, the Grand Trunk Pacific.

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Much space is devoted to reprinting what Mr. Chamberlain and Mr. Biggar, officials of the Grand Trunk, said by letters to the authorities and what the authorities said to them. I am not particularly concerned with these matters, but I am interested in the commissioners' conclusion, which opens with these sentences, "The Grand Trunk Company's Board of Directors is three thousand miles away. We cannot think that the state of affairs which our investigation has disclosed could have arisen, had the Board been on the spot." Too much reliance upon the efficacy of absent treatment is the commissioners' conclusion. This is the main cause of the Grand Trunk break-down. A man cannot decide things properly without being on the spot: that's the idea. It sounds reasonable, but I would have hardly expected Mr. Acworth to have signed his name to it, for he too lives three thousand miles away, has spent only a few months in this country, and in those few months has not been west of the Great Lakes in Canada. One would have thought this desirable, nay necessary for a man reporting on the Grand Trunk Pacific, for it lies wholly west of the Great Lakes. I wonder if the inaccuracies

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which an analysis of the commissioners' report discloses could have arisen if Mr. Acworth had made even a half investigation of his subject on the "spot." However, few men practise what they preach, and it may be that Mr. Acworth feels himself more gifted in the science of absent treatment than the Grand Trunk directors.

The Canadian Northern has been dealt with less severely in comment than the Grand Trunk, and less favorably in conclusion. The commissioners say of the Canadian Northern:

"The company has done much to develop the Prairie Provinces. Its lines there are well located, economically constructed, and valuable for public service. Of the later constructed lines also we can say that they have been well located from the engineering, if not from the traffic standpoint, and economically constructed. And if in recent years the Canadian Northern shareholders were carried away by a wave of unreasoning optimism, at least it may be said for them that almost the whole population of Canada shared their expectations."

Here is a part of the commissioners' conclusion in reference to this company:

"Our conclusion of the whole matter is that the moneys required for Canadian Northern construc-

tion have been raised with considerable financial skill at very moderate rates of interest, that the construction has been economical, but that the completion of the system as a separate system would involve a very large capital expenditure on branch lines and terminals in eastern territory, and a large duplication of existing facilities; that it is impossible for the company, unaided, to complete its venture; and that it is absolutely vital to the interest of the country that further duplication should cease."

It is difficult for one who knows the Canadian Northern to understand what is meant by the large expenditure required for "terminals in eastern territory." In Quebec and Ottawa, the company's terminals are already provided.

In Montreal, the bulk of expenditure for terminals has been made, and there the terminal facilities of the other companies are already well-occupied, if not verging upon congestion. The commissioners themselves refer to the inadequacy of accommodation for the Intercolonial at Montreal. Huge expenditures have to be made upon the old terminals for grade-separations; these are unnecessary with the Canadian Northern for it has tunnelled under the mountain.

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In Toronto, the company is occupying station facilities with both the other companies, and has extensive yards of its own.

In Hamilton, the project of a joint terminal with the Grand Trunk, whose present facilities require to be improved, is under consideration. The Canadian Northern main expenditure for this purpose was made several years ago.

Everywhere the railway board has authority to bring about co-operative use of terminal properties. As stated, in Toronto the Canadian Northern is using the Union Station owned by the Grand Trunk Railway Company; in Winnipeg the Grand Trunk Pacific is using the Canadian Northern station. Where there is no congestion, this plan can be followed in eastern territory, or, for that matter, in any other part of Canada. Where there is congestion, new facilities are required in the public interest; but if Sir Henry, Mr. Acworth or the reader will stop to think, there is comparatively little left to be provided.

It is also difficult for one who knows the Canadian Northern to understand what large capital expenditure is required for branch lines in eastern

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territory, as mentioned by the commissioners. The company has but one present project for a new line, and that is from Toronto to Niagara frontier. In their report, Commissioners Drayton and Acworth refer at length to the congestion in the movement of freight from the Niagara frontier to interior points, and suggest the need of additional trackage.

Other lines will be needed, but they can wait—must wait—and there need be no duplications, for the company may not construct without an approval of its maps and plans by the Minister of Railways and the Chairman of the Railway Board.

Last, but not least, of the company railways, in the eyes of the commissioners, comes the Canadian Pacific Railway. It is impossible here to go fully into the views expressed by Commissioners Drayton and Acworth, of the Canadian Pacific. Further, it is unnecessary, for they have saved their readers much trouble in this matter by summing up their views in the following sentence: "We think," say the commissioners, "that it is in the interest of the country that this company should be rich and prosperous, for such companies can be expected not only to give the best service, but to be best able to

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provide in time to meet new developments as they arise.

Here in a nutshell, you have the regard in which Commissioners Drayton and Acworth hold the Canadian Pacific Railway. Lord Shaughnessy, himself, would have said no more, and could have said it no better. The reader may guess that Sir Henry and Mr. Acworth have treated the Canadian Pacific in a kindly spirit. If he does not, the reader is a bad guesser. I find that they have said no such thing of the Grand Trunk, Grand Trunk Pacific or the Canadian Northern. Surely what is sauce for the goose is sauce for the ganders. Surely to have grown rich and powerful on cash and land subsidies is no more virtuous than to have grown poor paying interest on bonds guaranteed by the government.

III

THE INTERCOLONIAL.

The Intercolonial does not escape the commissioners' hatchet. It, like every other railway in Canada—except the Canadian Pacific—is wrong. "A change must be made in the Intercolonial," say the commissioners, "on three practical grounds." The government-ownership advocates have been telling us that Canada's government-owned and government-operated railway is all right. The commissioners apparently think it nearly all wrong. In view of the difference of opinion on the subject, I shall as far as possible quote the words of the commissioners in analysing their treatment of the Intercolonial, and advise the reader, who is particularly interested in this phase of the subject, or who may believe that I have omitted explanatory contents, to read at least this part of the report for himself. The commissioners argue:

First. A change should be made "in the interest of the Maritime Provinces." They point out that "speaking generally, the growth of the Mari-

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time Provinces in the last twenty years has been slower than that of the rest of Canada." And they further point out that there is no reason for this because "raw materials are readily accessible, and wages are certainly as low as elsewhere." Is it not fair to conclude that government-ownership and the Intercolonial stand in the way of progress? They say "the recent congestion on the Intercolonial has clearly demonstrated the inadequacy of its facilities to cope with its business." As we shall see, the commissioners point out that the Intercolonial has been a financial failure, and at the same time "pays no local taxes, and this exemption should cease. It never, in our opinion, had any justification."

Second. A change should be made "in the interest of the Canadian taxpayers." The commissioners after reviewing the continuous performance of the Intercolonial in failing to pay its way during the years in "which the greatest advance has taken place in Canada," conclude, "in thirteen years, therefore, the capital cost of the system per mile had been increased on the system's books no less than 51.27 per cent. During the same thirteen years, surpluses

of \$1,594,954.64 and deficits of \$3,915,193.39 were reported. It is obvious that the surpluses were illusory and the deficits much greater than returned." Nor can it be said for the Intercolonial that, like the newer company-owned systems, its net earnings are small because of too much mileage in the interest of colonisation.

Third. A change should be made "in the interest of good management." This must have been a delicate subject for the commissioners to deal with, and credit should be given them for having handled it with consummate skill. They say "it is not to be expected that able and ambitious men will do as good work on a mere local railway, with scant opportunities of advancement or distinction, as when they have the chances of promotion which a great system affords. If their prospects are bounded by the horizon of the Intercolonial, they will either grow slack or carry their services elsewhere." That is clever, but is it true? On what grounds do the commissioners intimate that there is slackness in the Intercolonial Railway management? Mr. Gutelius is at present and has been for some years in charge of the Intercolonial Railway, and

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his severest critic—if he knows the man and his methods—will not say that he has grown slack in the service or suffered slackers to remain about him.

IV

A CANADIAN PACIFIC RAILWAY MONOPOLY.

Thus we have found that the Grand Trunk, the Grand Trunk Pacific, the Canadian Northern, the Intercolonial, public-ownership, all are wrong in the commissioners' eyes. Everything is wrong—except the Canadian Pacific. What is the remedy for this wholesale wrongness? The logical conclusion to be drawn from the report of these two commissioners, is to turn everything over to the Canadian Pacific Railway, and we are not surprised, when we are half-way through the report to learn that the commissioners have considered doing this very thing. Our minds are so well prepared that it is no shock to find out that the Canadian Pacific has had a narrow escape from having Canada's railways thrust upon it. The commissioners say:

“One possible solution which has been submitted to us we will deal with at the outset. For, though we are unable to recommend its adoption, it has very influential support. This suggestion takes two forms. The one is that the Canadian Pacific Com-

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pany should, by lease or purchase, obtain control of the other roads and operate the whole Canadian railway system as partner with the government, on terms to be arranged. The other is that the government should itself acquire all the roads, including the Canadian Pacific Railway, and employ the organisation of that company as a basis on which to build up the organisation of the greater system."

It is wonderful how the mind, in a dreamy sort of way, will take in a big startling idea, and then often wander away into speculation over one of its details. After reading this paragraph, I did not stop to analyse what effect Canadian Pacific operation of all the railways of Canada would have upon the public life of this country. Who had "suggested" these plans of a Canadian Pacific monopoly to the commissioners? Who had been bold enough to even whisper that the days of the early eighties in Western Canada, when Manitoba threatened to break up Confederation rather than submit to Canadian Pacific monopoly, should be revived, and extended to reach from coast to coast. The commissioners must have been a-dreaming. Surely not even a Canadian Pacific official would have done this thing.

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But this is not all: the suggestion had "influential support." There can be no influence without a subject and an object. Who was the party of the second part? With whom was the idea of a Canadian Pacific monopoly influential? The commission? Surely not. The government? I don't believe it. The opposition? Again, I don't believe it. I could think of no one who could be influenced by this suggestion; and, in the end, had to admit the futility of speculating upon things unseen.

But thinking of these things, had consumed time that properly belonged to a consideration of the main suggestion. Maybe it was just as well. For, in the end, the commissioners rejected it and accepted in its place, to use their own words: "A scheme may be worked out whereby Canada will have two great systems, both with substantially similar management" (mark these words) "operating alongside in healthy rivalry from ocean to ocean." I wonder if the government and the public will be as pleased as the commissioners are with this idea, as easily satisfied that within it lies the solution of our transportation question.

V

THE PROPOSED ORGANISATION.

We come now to the scheme proposed by Commissioners Drayton and Acworth, designed to solve our transportation ailments. Say the commissioners:

“Our formal recommendations are:

I. That a Board of Trustees be constituted by Act of Parliament and incorporated as ‘The Dominion Railway Company.’

II. That the ownership of the Canadian Northern, Grand Trunk, and Grand Trunk Pacific Railways be vested in this Company.

III. That the Government assume responsibility to the Company for the interest on the existing securities of these undertakings:

IV. That the Intercolonial (including the Prince Edward Island) and National Transcontinental Railways be also handed over by the Government to the Company.

V. That the whole of these railways, the Canadian Northern, the Grand Trunk, the Grand Trunk Pacific, the Intercolonial, and the National Transcontinental, be operated by the Company as one united system.”

It is proposed :

“The Board of Trustees should be incorporated, either directly by act of parliament or by royal charter under the authority of the act, as The Dominion Railway Company with a nominal capital. We assume a capital of \$50,000 divided into 500 shares of \$100 each. Each trustee would hold one hundred shares.”

The trustees are to be five in number, and the first trustees to be named by parliament. Then follows this remarkable provision :

“Vacancies should be filled, in the case of a railway member, by appointment by the Governor-General-in-Council, on the nomination of a majority of the remaining trustees; and in the case of other members, by appointment from a list of three names, similarly nominated. Should the government refuse to approve a nomination, it should devolve upon the trustees to submit a new name.”

In other words, the government cannot appoint a new trustee except upon nomination of the remaining trustees. The trustees retire every seven years, but may nominate themselves for re-appointment.

Thus it is proposed to create the Irresponsible Five. It has been the intention of the Board that

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they shall be irresponsible. "We recommend," say the commissioners, "that subject to the power of the government to refuse to confirm a nomination, the Board of Trustees should be a permanent self-perpetuating body, and we attach very great importance to this point." There is no mistake, as one is inclined to think on a first reading; the commissioners deliberately intended the directors of the Dominion Railway Company to be irresponsible. They repeat their intentions from time to time, so that there shall be no mistake in the public mind. They say: "We, therefore, think it essential that the Board of Trustees shall be permanent, non-political, and, subject to government approval of each new nomination, self-perpetuating."

Such is the remedy suggested to cure Canada of its railway ills. To me, it sounds more like kill than cure. But my word will count only as that of one amongst the several million interested Canadians. The danger, in this, as in most matters of government business, lies in apathy. No man who has the interest of Canada at heart can afford to take this report "as read,"—too much of the country's progress depends upon the efficiency of the country's transportation.

VI

GOVERNMENT OWNERSHIP

There is, on the whole, little comfort to be derived by the faithful followers of public-ownership from the Drayton-Acworth report. I do not believe in public-ownership myself, and have recently written a book entitled "Railway Nationalisation and the Average Citizen," in which it is condemned, but I have said nothing stronger than that which appears on this subject written by Sir Henry Drayton and W. M. Acworth. They say:

"We do not think government-ownership of the Canadian Railways would tend to reduction of rates, but rather in the contrary direction. For the carriage of one ton of freight one mile the Canadian shipper pays at present on the average three-fourths of one cent. On the railways of New South Wales, the oldest and most important Australian state, where the railways have been in government hands from the outset, the shipper pays well over two cents."

As I read these words, I said to myself, the commissioners are off to a good start. But hardly had

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they left the wire at full gallop than the horses balked—or were they pulled—came to a full stop and the riders dismounted. “But we see no cause to enlarge here on such general consideration,” say the commissioners. Why not? Surely public-ownership was just what we wanted to hear about, and especially did we want to hear of it from Mr. Acworth, who has written several books in which it is roundly condemned. Frankly, I was disappointed, and I am sure there are thousands of others that will be disappointed. But if this sentence is disappointing, what of the next one, in which the commissioners say, “there are several reasons peculiar to Canadian conditions why state-ownership and operation should be avoided.” Is this not provocative? They were tantalizing school-girls who used to say “we know a dreadful secret, but we’re not going to tell.” There must be a skeleton in the closet of Canadian public-ownership, I said to myself. The commissioners know of its existence; know whose skeleton it is, but they won’t tell. However, there is hope, nay, a certainty, that we shall find out yet, for in more than one province women have the suffrage, and the women in public life will

never rest content until the commissioners divulge their secret.

Barred from discussing the general principle of government-ownership as applied to Canada, the commissioners have found a safety-valve in analysing the effect of government-ownership in other countries. As we have seen, stress is laid upon the fact that railway rates on the Australasian state systems are much higher than the railway rates in Canada. But this is not all. The commissioners say:

“Some of the States have gone through a checkered history. The commission has been abolished; and the management has been transferred back to a political minister. Once more the result has been unsatisfactory; and a new commission has been appointed, only, in turn to fail of success.”

In other words, the attempt at state-management both by a responsible minister of the Crown and by commission, has been a failure. The department of the minister has been abolished for the commission and the commission, failing, abolished for the department of the minister, in this merry-go-round effort to make government-ownership successful.

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As pointed out, "New South Wales, Victoria, South Australia, and Queensland have had a long experience in public-ownership." That they have not succeeded, would be enough to prove that state-operation should be avoided—if there were not another country in which it has been successful. And it is the example of that country which the commissioners advise Canada to follow. It is upon the example of that other country that the commissioners advise Canada to entrust the administration of many thousands of miles of railway to an irresponsible board of trustees.

When it comes—although we have been half prepared for the shock—it is none-the-less a shock. The commissioners ask us to follow the lead of Prussia. They say: "The Prussian Parliament has not much control over any department of the Government, but over the railways, owing to the fact that, so far from requiring votes of money, they yearly contribute a considerable net revenue for general state purposes, it has even less control than over other departments."

I think we all knew that this condition of affairs existed in Prussia. We have learned much of the

lack of control of the State, by the people in Prussia, the past three years. But we would not have expected the commissioners, or anyone else to ask us to follow its example. We are quite prepared to admit the commissioners' statement that "the Prussian railways are certainly the most successful state-operated railways in the world," i.e., if we both understand the word "success" to mean the same thing. Having accepted this, will the commissioners admit that Prussian success is largely due to rates per ton-mile twice as great as those of Canada; to wages which are even less than those paid in Great Britain, only a small fraction of those paid in Canada, to bureaucratic methods which would not be tolerated in this or any other country under democratic government?

Make no mistake. You cannot mix oil and water. You cannot make one-half of a country's administration autocratic and have the other half remain democratic. You cannot, at least, do it successfully in the twentieth century. The Centaur was only a myth. That the commissioners have forgotten these things, is the vital error in their scheme.

VII

THE "SPECIAL REASONS."

The commissioners have realised that special reasons must be advanced for their remarkable scheme—remarkable in that, intended for both business and government, it violates the accepted principles of government and business alike. Remember the scheme proposed is not to be considered as government-operation; that, the commissioners have repeated over and over again. Government-operation of railways in Canada, in their opinion, is impossible and undesirable. It is largely to offset two special objections to government ownership and operation that the commissioners have evolved their scheme of a trusteeship. Here is the first objection in the words of the commissioners:

"Another strong argument against government-operation is to be found in the fact that the three great Canadian companies amongst them either own, lease, or control no less than seven thousand miles of railway situated in the United States."

This objection—and it appeals to me as a very strong one, in fact a fatal one—is to be avoided,

the commissioners say, by vesting the government-owned railways in the names of five trustees, who are to be the shareholders and the directors of the Dominion Railway Company. In other words, the Dominion Railway Company is to be an alias for government-operation. It is to stalk incognito for over two thousand miles through the United States—if a railway can stalk.

For the success of the scheme, it is essential that secrecy shall be preserved; for one can well imagine what Uncle Sam would say if he knew the real nature of the Dominion Railway Company; if he knew that the Canadian Government owned and operated a huge railway mileage within his boundaries! And you can't blame him much. But the fat is already in the fire! While the commissioners are saying that one of the reasons that "government ownership and operation be not entertained," is to avoid international complications; the newspapers are announcing, in voices so loud they must have carried across the border, that the scheme put forward by the Drayton-Acworth report is in reality government-ownership and operation.

France, Russia, Denmark, would raise the dickens

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of a row if a neighboring country were to acquire railway lines within their territory, and attempt to operate them. So would any other self-respecting country. Would they be deceived or satisfied, as the commissioners apparently expect the United States to be deceived or satisfied—I know not which—by putting the property in the names of trustees? Possibly we can best understand the attitude of the people of the United States in this matter by putting ourselves in the place the commissioners expect the Americans to occupy with tranquility; what would Canada say if the United States were to attempt to own and operate a railway stretching from the boundary line near Quebec, to Winnipeg? Would we take to the idea more kindly because Theodore Roosevelt, William Howard Taft, Champ Clarke, William Jennings Bryan, and Jesse Willard, held the stock in their own names and administered the property as trustees for the United States Government?

The second advantage of the trusteeship scheme, as compared with government-ownership is:

“That the Canadian government resources are required for war purposes.”

I have no doubt that the reader will puzzle his brain, as I did, for an explanation as to how this situation which we all admit to be true—is to be improved by the trusteeship. Here is what the commissioners say in its defence:

“If the Government takes over the railways, not only does it assume the direct responsibility for the whole existing debt; but all the new money that has to be raised (and as will be shown in a later portion of this report, the amount of this new money must necessarily be considerable within the next few years) will become a direct obligation of the Canadian Government. It is a matter of common knowledge that railway bonds and Government loans appeal to different classes. And we are persuaded that it is desirable that Canada should retain both strings to her bow.”

The author of “Frenzied Finance” might see in the substitution of the names of five irresponsible salaried men for the name of Canada, a great financial advantage. He might see through the magic bag of financial tricks devised by the commissioners, which, if it has merit, should be extended to the other departments of the government at once. I will confess I cannot. In my despair, I took the

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problem to a banker of reputation. "What is the difference between raising money through the use of the trustees' names and raising it direct?" I asked. He read the commissioners' explanation, thrummed the table and softly murmured: "Tweedle Dum and Tweedle Dee." And it would seem to the layman he is right.

VIII

THE RAILWAY BOARD—HELPLESS.

I have called the directors of the proposed Dominion Railway Company, the Irresponsible Five, and I do this with a full knowledge that Sir Henry and Mr. Acworth, the midwives of the new scheme, say that it is proposed "to give the Board of Railway Commissioners the same full judicial authority over all its" (the Dominion Railway Company) "actions and refusals to act, which the Board at present has over the private railway companies."

Like many another sentence in the Drayton-Acworth report, this sounds well at the first reading, means little at the next, and nothing in a final analysis. That is a strong statement, so strong that I took it to a solicitor who has had years of railway practice with the government and private railway companies, reviewed the facts as set forth in the report, and he agrees with me. Common-sense told me I was right; but, all the same, in a matter which is technical, I am glad to have a solid

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footing on technical training and experience. The conclusion is so startling that I shall ask the reader to bear with me for a few moments in a relation of the facts that make that conclusion impregnable.

The commissioners themselves evidently fear that the idea of a body of five men who are not subject to parliament, being made subject to a creature of parliament, as is the Railway Board, may not appeal to the credulity of hard-headed public opinion in the Maritime Provinces. They say:

"Lest there should be any fear that these alleged rights" (claims for low local rates) "might be interfered with, we think the Act of Parliament should provide that no general increase of the local rates at present in force on the Intercolonial shall be made by the Trustees without the previous assent of the Railway Commission."

Now, if Sir Henry and Mr. Acworth meant what they said in the first instance, if the Railway Commission is to have authority to prevent rate increases wherever the Dominion Railway Company does business, in the name of common sense, of what use is it to provide by legislation that the trustees may not make a general increase of local rates on

the Intercolonial Railway without the previous assent of the Railway Commission? Surely there is no intention to suggest that under this legislation the trustees may make increases in rates which are not general—it will be noticed that the prohibition is limited to a “general” increase—along the lines of the Intercolonial without the assent of the Railway Commission. The suggestion of extra legislation, if I understand the English language, is to help, not to harm, the present position of the people in the Maritime Provinces. Sir Henry and Mr. Acworth, by this reference to the Intercolonial, have spilt the milk from the cocoanut. They have called attention to the incapacity of the Railway Board to enforce its decisions upon the trustees of the Dominion Railway Company.

It must be remembered that a governing body is no stronger than the arms upon which it relies for enforcing its decisions. Sir Henry Drayton is now chairman of the Railway Board. How would he proceed to enforce his judgments against the Irresponsible Five?

At present he may fine the private railway companies that disobey his orders. This is a real check,

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for the money must come from the treasury of the shareholders who will not continue to employ officials that allow the treasury to be depleted by contumacious mismanagement. But threats of fines, fines themselves, will exercise no restraint upon the Irrepressible Five; for, even if fines have to be paid, they must be paid out of the pockets of the people of Canada. Since they will be paid back into the pockets of the people of Canada, we veritably reach that interesting stage commonly called *reductio ad absurdum*.

In these days, Sir Henry may send recalcitrant railway officials on their way to jail; but, again in the name of common sense, how can "trustees permanent and self-perpetuating" be imprisoned? Prison walls will have no terror for them.

There is another way in which the Railway Board may get at the private companies, but not at the Dominion Railway Board. It may disallow a tariff and order the companies to file other tariffs, and until the companies obey they have no redress in court against shippers for payment of charges. This can obviously be overcome by the Dominion Railway Company, inasmuch as the shippers will be

under the control of its monopoly. It may refuse to take goods except on cash payment of rates, or may refuse to carry goods for anyone bold enough to refuse payment of unjust charges.

Look at it from any angle you please, and the Railway Board is helpless. The commissioners, in a hazy sort of way, seem to have recognized this in their suggested Intercolonial legislation to protect the public against the Irrepressible Five. In the words of my grandfather, the whole scheme of Railway Board control over them "is all in my eye and Peggy Martin." Like many another provision contained in this remarkable document, it is unworkable, and therefore useless to protect the rights of the Average Citizen for whose protection it was ostentatiously designed.

IX

NEPOTISM.

Not many years ago, as the lives of nations are counted, we had irresponsible government in this country. Mr. Acworth will know nothing of that except from a reading of books, but Sir Henry should have learned it at the knees of his grand-sires. All Canada knows of the Family Compact, especially all old Upper Canada. Are we to have a new Family Compact? That is a question which will not down after a reading of the Drayton-Acworth report. At first, the idea seemed absurd; but, after an examination of conditions, it seems a threatened reality.

Let us remember, at the outset, that the members of the Family Compact, which presided over the affairs of Upper Canada, were not, as often represented, coarse grafters. On the contrary, they were fine old gentlemen who honestly thought they were doing right. And I venture to say it would be hard in these days to find men of superior character for the new board. Long possession of power,

freedom from the necessity of seeking the suffrage of the people—a “permanent and self-perpetuating” body—they simply got their ideas twisted as to what was “theirs” and what was “the people’s.” Such is the natural outcome of irresponsible government. That the trustees of the Dominion Railway Company will, in the course of time, acquire a twist in their ideas, is inevitable. As a matter of fact, reading the Drayton-Acworth report, the cradle intended for the new-born, they will come by the idea honestly. For there is no maudlin sentiment about the “people’s railway” in this report; it is, if you please, the “trustees’ railway,” and the employees are the “trustees’ employees.” Everything about the railway is the trustees’, except responsibility: that belongs to the people of Canada. The autocratic spirit of the new directors will be bred in the bone.

As stated, the commissioners appear to have had moments when these things were realised. They ask for a provision that “every Trustee on appointment should be required to divest himself of all interest in Canadian railway bonds or stock, and should further satisfy the appointing authority that he has

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no other interest that conflicts with his duties as Trustee." Sir Henry and Mr. Acworth have not suggested that there should be legislation requiring their sons, brothers, cousins, uncles—what are those words from "Pinafore?"—to do the same thing. They have not suggested that immediate or distant members of the trustees' families shall be forbidden to go into the railway supply business, shall not be appointed to positions of emolument in connection with the Dominion Railway Company or its competitor, the Canadian Pacific.

There are openings for nepotism in connection with the affairs to be administered by the Irresponsible Five, greater than have been in this country or any other country under democratic government. The business over which the Family Compact presided in the days of Little York was as a peddler's pack compared with that which will be routine work for the trustees of the Dominion Railway Company.

It is impossible to devise legislation that will prevent nepotism under irresponsible government. Surely we learned that lesson long, long ago.

Against nepotism there is only one safeguard—

public opinion exercisable through responsible government. To destroy nepotism was one of the reasons for the introduction of responsible government. We may damn and double-damn patronage, the child of party-government; but, after all, it is infinitely to be preferred to nepotism, the legitimate offspring of irresponsible government.

Blood is thicker than water; all things being equal, look after your own: such are the mottoes of human nature. Deeply-ingrained are the principles which they stand for in humanity. But this characteristically human impulse cannot be carried into party politics, because of public opinion, because of a critical tale-bearing, scandal-mongering, opposition, because of the watchful eyes of a Prime Minister, and the constant domestic bickerings of the party in power. The nepotistically-inclined, responsible minister, as sure as fate, will some day wake up, after the polls are closed, to find himself a down-and-out politician, a public-service outcast.

But what cares a permanent and self-perpetuating board for public opinion? It can defy it, and will defy it, as did the Family Compact; for public opinion is helpless to exert itself. Let the fatted

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calf be killed! For nepotism, years ago supplanted by party patronage, almost forgotten by the present generation, comes riding home on the Drayton-Acworth tandem.

The members of the Irresponsible Five, being after all mere humans, must some day grow old, and it is provided after reaching three score years and ten a trustee must throw off the mantle. Will it fall upon his eldest son? No provision is made in the report to that effect, but it is not beyond the stretch of imagination that it may be accomplished by a little judicious log-rolling among the members who have families to provide for.

X

THE SYMPTOMS AND THE REMEDY

We had hardly commenced our analysis of the Drayton-Acworth report before we found the commissioners were not infallible; found them, in fact, extremely fallible, making mistakes in matters which are supposed to be of common knowledge. We then came to the conclusion that only supernatural intervention could save them—and us, if we followed along—from arriving at false conclusions. The horrible thought now occurs that Doctors Drayton and Acworth may have made a mistake in their diagnosis of the disease, may have written a wrong prescription as a remedy. The consulting doctors, after all, may be sending us to the isolation hospital; exposing us to the contagion of small-pox, when we have but the measles. Or is it, in this case, a bad attack of nerves? I belittle not the disease; it is against taking a wrong remedy for the disease, that I protest. We cannot be too careful. Let us again go over the symptoms, and, for this purpose, strip the report of its non-essentials.

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The commissioners conclude that the Canadian Northern, the Grand Trunk, and the Grand Trunk Pacific "have broken down." What were the causes of this break-down? An examination of the report will show that they are of the usual kinds for this prevalent human ailment, namely: lack of nourishment and over-work. To keep our train of thought let me set forth the causes of the lack of nourishment, one by one, and I shall take them as far as possible from the commissioners' own words:

First. Say the commissioners: "Prices have gone up." This is true. Box-cars cost nearly 60 per cent., passenger cars 60 per cent., and locomotives 85 per cent., more than they did before the war. And yet the commissioners, in estimating the value of Canadian Northern rolling stock, took it into account at pre-war prices. It made incongruous reading—those "reproduction" values at prices which prevailed nearly three years ago. Coal, the basic material of steam railway operation, at the mine, is 150 per cent. above the old price. "Labor has been scarce and dear," say the commissioners. This is true; for the Canadian Northern and the Grand Trunk Pacific are paying prices well up to the world's best average.

Second. Railway rates are low. The commissioners say "the average ton-mile rate in Canada in the last financial year was .751 cents; in the United States the figure was .732 cents, which is practically the same;" and the commissioners further add, "and if an average rate of .732 cents is inadequate in the United States, where traffic is far more dense and where climatic conditions are less rigorous, much more is an average rate of .751 cents inadequate in Canada." Sir Henry Drayton, member of the Commission of What's Wrong with the Railways, might well ask Sir Henry Drayton, chairman of the Railway Board: Who is responsible?

The future curve of railway rates under the Dominion Railway Company is clearly presaged by the heading, "Tendency of Railway Rates to Rise," affixed to the chapter in which these remarks are set forth. I wish there were room within these pages to discuss fully the probable effect of the Drayton-Acworth plan on rates. It may be sufficient, however, to quote the commissioners' own words: "We point out that railway rates are much more likely to rise than to fall in the immediate future."

Third. The companies which the commissioners

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say have broken down, have been assisted for the most part by a guaranteeing of their bonds, upon which interest must be paid; whereas the Canadian Pacific Railway has been subsidised by land and cash; and, as pointed out, "that company has some \$200,000,000 invested in the property, on which no interest has to be paid." And yet the commissioners occupy space in government literature—with book-paper worth twelve cents a pound—by remarking: "It does not ask to be purchased or to be helped in any other way. The company is admittedly progressive and gives a good service."

Fourth. When the new companies were in the midst of construction, buying construction material in large quantities, a new duty was imposed on steel rails. And this, the Grand Trunk Pacific has stated, "added \$5 million to the cost of construction." It may be taken for granted that, as the Canadian Northern did more construction than the Grand Trunk Pacific, the additional cost to that company was even greater.

Fifth. Say the commissioners: "The war, which at the outset paralysed the business of the country, and which has practically closed the markets of the

world to the issue of permanent securities, other than government loans, for an indefinite time to come, further aggravated the situation." Lack of nourishment from this source, remembering that when the war broke out the Canadian Northern alone had more than a hundred million dollars of unsold securities (half of the amount guaranteed by governments) is sufficient to explain the whole situation. And this, the main reason of the "break-down," was caused by forces beyond the control of government or companies.

So much for the lack of nourishment. On the commissioners' own showing, the Canadian Northern and Grand Trunk Pacific—and through it the Grand Trunk—have been starved (there is no other word for it) by being forced to carry goods at low rates during a period of high costs and dear—nay, all but impossible—finance.

Now for the overwork. The Canadian Northern and the Grand Trunk Pacific have been mainly colonisation railways. "The Canadian Pacific has the cream of the Canadian business," naively remark the commissioners. But the Canadian Northern and Grand Trunk Pacific were built on the

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frontiers of civilisation by a deliberate, well-considered policy of the Federal and Provincial governments. They were built so that these outlying parts of Canada might be brought under colonisation; under production; that the lands which they served might be of use to Canada, the Empire and the World.

And Sir Henry and Mr. Acworth paternally chide "almost the whole population of Canada," for being carried away by an "unreasonable wave of optimism."

What do the commissioners mean? Do they know that:

(A) In the years 1900 to 1910, Canada's manufactured goods grew in value from \$481 to \$1,165 million, or 142 per cent.

(B) In the years between 1900 and 1915, Canada's agricultural products grew in value from \$363 to \$1,000 million, or 175 per cent.

(C) In the years 1901 to 1916, Canada's foreign trade grew from \$386 to \$1,447 million, or 275 per cent.

(D) In the years 1901 to 1916, using the commissioners' own figures, the railway mileage grew from 18,140 miles to 37,434 miles, or 106 per cent.

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What do the commissioners mean by an "unreasonable wave of optimism?" Surely these statistics from the a. b. c's. of Canadian trade and transportation—and there are others equally significant for every letter in the alphabet—bear no such imputation; no justification for the commissioners to repeat the phrase of the common scolds who stop not to analyse the country's condition; who rest content with the view from their own narrow range of vision.

XI

THE BRUISED REED.

We draw near the end, but are not to reach it before encountering another obstacle in the path of this scheme laid out for operating the "trustees' railway" and the Canadian Pacific, "both with substantially similar management, operating alongside in healthy rivalry from ocean to ocean."

We have met with other obstacles, but these the commissioners think they have overcome. The possible objection of the United States to the operation of railways, over two thousand miles in length, by foreign state, the commissioners think they have met by the trusteeship. The objection that Canada is at war and needs its finances, the commissioners think is met in the same way.

I cannot agree with the commissioners. I cannot but think Uncle Sam's department of foreign affairs will object to the economic invasion of its country by a railway owned and operated by the salaried officials of another country. I cannot but think Uncle Sam's bankers—and for the present

we are entirely at the mercy of Uncle Sam's bankers—will look upon the financial arrangement of the Dominion Railway as fantastic. Already the Drayton-Acworth scheme has been condemned in stinging terms by Wall Street. *The Wall Street Journal*, which represents its views, says "Among the many surprises of these extraordinary times, one of the most curious is the report to the Canadian Parliament" submitted by Sir Henry Drayton and W. M. Acworth. It says that:

"The majority invite a democratic government to attempt an amalgamation of lines under one management, which, in respect of mileage and of territory served, has no parallel in the world, and this in the midst of a period of world-wide unsettlement of business conditions and relations offering unusual obstacles to a scheme which would be speculative under the most favouring circumstances."

The Wall Street Journal significantly concludes its first article by promising to deal with the report at further length shortly.

The success of the scheme is dependent upon the idea that the transportation interests of this country

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may be limited to the two railways, the Canadian Pacific and the Trustees' Railway, but—and many a scheme has come to an ill-timed fate through the instrumentality of the significant little word “but”—it is not within the power of the Federal Parliament to say “Thou shalt” and “Thou shalt not” in transportation matters.

The Provinces have power to assist and construct railways. Sir Henry Drayton and Mr. Acworth say “We do not think the Governments, either of the Dominion or of the Provinces, fully realise how serious was the liability which they were assuming” in guaranteeing the securities of the Canadian Northern and the Grand Trunk Pacific. They further say: “We do not think the companies realised how serious the position would be if recourse had to be had to the guarantee.” I do not think Sir Henry and Mr. Acworth would have come to this conclusion had they known that before these guarantees were granted each plan of the two railways was gone into by railway experts, by financiers of standing, and the prospects of success carefully measured. If the war has upset some of

their calculations, well, the war has upset the calculations of the whole world.

The guarantees were granted by governments only through the desire to secure colonisation, production, and progress. Sir Adam Beck and others have charged that in the case of the Canadian Northern Railway public funds have been diverted to wrong purposes. Sir Henry Drayton and Mr. Acworth tell Sir Adam and the others that they found the charge "that Messrs Mackenzie and Mann have misappropriated public moneys unfounded." With these cruel, slanderous charges out of the way, it becomes apparent that the affairs of this company, and I presume those of the Grand Trunk Pacific as well, have been administered honestly and the assistance granted by the Federal and Provincial Governments devoted solely to the purposes for which they were intended. It must further be remembered that in the case of the Canadian Northern the commissioners also find that the moneys have been "raised with considerable financial skill at very moderate rates of interest, that the construction has been economical." The commissioners further find that "the company has

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done much to develop the Prairie Provinces. Its lines there are well-located, economically constructed, and valuable for public service."

Now we come to the obstacle, and it has a direct connection with these matters. It may well be that provincial governments will some day feel it necessary to have more railways, different railways, keener competition than will be provided by the Dominion Railway Company and the Canadian Pacific. It must not be forgotten that the Canadian Northern was commenced, assisted, and came into importance in the transportation world as a protest against the very service which Sir Henry Drayton and Mr. Acworth find so praise-worthy, namely, that furnished by the Canadian Pacific Railway. If the Canadian Pacific had been all that Sir Henry and Mr. Acworth say it is, the public sentiment of this country would never have endorsed State-assistance for competition. It may well be that these motives will again come into operation, that history will repeat itself and provincial governments will assist other railways to provide competition, or go into the railway business themselves for this purpose.

It must not be forgotten, although apparently the

commissioners have forgotten it, that Canada's railways were "overbuilt" by design. Mr. Smith and Mr. Acworth may not fully realise this, because they have not been in close touch with the affairs of this country during the past twenty years. But Sir Henry Drayton must have indulged in sleep of Rip Van Winklian duration if he thinks to announce this twenty year old fact as an item of news to the people of Canada. This country is in the making and it cannot be made without pushing lines of steel into new territory, into unsettled territory, into territory which cannot be expected to furnish immediately sufficient traffic to provide the net returns required to make the railways self-supporting. Twenty years' experience has proved this policy to be good government and good business administration. It was only a few years ago that the site of Saskatoon was a wheat field, and it will only be a few years before the forests of New Ontario will yield their trees in providing sites for many a town and city of Saskatoon's size. In the long run the so-called "over building" has paid in the past and will pay for the future.

But if the provincial governments should con-

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tinue this policy—and it has not been abandoned—the cards, stacked high for the monopoly to be divided between the Trustees' Railway and Canadian Pacific Railway, will come tumbling down. Sir Henry and Mr. Acworth have foreseen and set out, near the conclusion of their report, the danger of competition from the provinces, and apparently turning this way and that way, every way, for a remedy for this fatal defect in their plans, have been obliged to fall back on the old-time quack medicine "the Governor-in-Council should exercise his undoubted prerogative and disallow the Provincial Act."

I am not surprised that Mr. Acworth sees, in disallowance, a possible remedy. One of the features of a written constitution, is that the theorist who has not seen the constitution in actual work, who judges it solely from the words which it contains, often goes far afield in his attempt to realise the real nature of its provisions. Mr. Acworth cannot be expected to know what an awful mess Dominion Governments have made of their attempts at disallowing Provincial legislation and, if my memory be not astray, at disallowance of pro-

vincial railway legislation. But Sir Henry should not have allowed the success of the commissioners' weighty scheme to rest upon the bruised reed of disallowance.









